



JOINT ANNUAL INTERAGENCY COORDINATION REPORT

Fiscal Year 2024

INTRODUCTION

Pursuant to Texas Government Code, Section 531.103(c), the Joint Interagency Coordination Report summarizes the collective efforts of Texas Health and Human Services Office of Inspector General and the Texas Office of Attorney General to detect and prevent fraud, waste and abuse in the Texas Medicaid program for fiscal year (FY) 2024. Contributing to the report are:

- **Texas Health and Human Services, Office of Inspector General (OIG)**
The Office of Inspector General prevents, detects, audits, inspects, reviews and investigates fraud, waste and abuse in the provision and delivery of all Texas health and human services and enforces state law related to the provision of those services.
- **Texas Office of Attorney General, Medicaid Fraud Control Unit (MFCU)**
The Texas Medicaid Fraud Control Unit investigates allegations of criminal fraud by Medicaid providers and abuse and neglect of Medicaid beneficiaries in a variety of settings including health care facilities funded by the Medicaid program. Upon request by local and federal authorities, MFCU provides prosecution assistance.
- **Texas Office of Attorney General, Healthcare Program Enforcement Division (HPED)**
The Healthcare Program Enforcement Division (formerly the Civil Medicaid Fraud Division) investigates allegations of unlawful acts against the Medicaid, CHIP and Healthy Texas Women programs to prosecute meritorious civil claims and recover taxpayer dollars.

These three entities recognize the critical importance of collaboration and regular communication in their ongoing efforts to identify and deter fraud, waste and abuse in the Texas Medicaid program. OIG, MFCU and HPED have worked closely to strengthen collaborative efforts and information sharing over FY 2024 by:

- Conducting meetings between the MFCU Director, the Inspector General and key staff from both agencies.
- Engaging in regular meetings between MFCU, the OIG Investigations and Utilization Reviews Division, and the OIG Chief Counsel Division to focus resources and efforts on:
 - Maximizing recoveries while minimizing provider abrasion and duplicative efforts for specific cases under investigation.
 - Identifying unusual provider billing trends and other concerning provider activities.
- Dedicating OIG legal, analytic, and investigative resources to support and coordinate MFCU and HPED efforts involving violations of the Texas Health Care Program Fraud Prevention Act and the Federal False Claims Act, and to participate in multistate investigations and settlement negotiations.

HIGHLIGHTS OF COORDINATION ACTIVITIES

The OIG and OAG are committed to collaboration and coordination in their efforts to identify and deter fraud, waste and abuse in the Medicaid program. These efforts range from the alignment of cross-agency processes to opportunities for management and staff at the OIG, MFCU and HPED to participate in joint training opportunities. In FY 2024 the offices:

- Continued cross-agency processes to recoup provider overpayments when no criminal charges are filed and to deconflict overlapping administrative and criminal investigations, using a “request and response” shared spreadsheet maintained by dedicated OIG and MFCU staff to track evidence requests and process deconfliction requests.
- Ensured timely responses by OIG Investigations and Utilization Review supervisors and MFCU Field Office supervisors to include the scheduling of informal telephone and virtual conferences to discuss the advantages or disadvantages of parallel investigations when subject matter overlapped.
- Continued working collaboratively under the current Memorandum of Understanding (MOU) between OIG, MFCU and HPED. The MOU is updated every five years as a federal requirement for MFCUs and Medicaid single state agencies; it governs interagency cooperation and exchanges of information.
- Continued working with OIG points of contact to facilitate access to and review of documentary evidence in possession of the OIG by criminal investigators and prosecutors from MFCU.
- Continued sharing of the MFCU closed case report with the OIG to assist in identification of the correct provider when restitution checks are received from court agencies that reference only a single defendant name.
- OIG provided support, including advanced data analytics, to assist several OAG investigations.
- MFCU coordinated with, and made use of assistance from, the OIG when requested data responses from Managed Care Organizations (MCOs) were not received within the agreed time frame.
- Participated in joint meetings with the MCO Special Investigative Units (SIUs) and the Texas Fraud Prevention Partnership (TFPP). The focus of these collaborative efforts is to coordinate among the OIG, MFCU and Medicaid health maintenance organizations and dental managed care organizations in conducting investigations to deter fraud, waste and abuse. The TFPP SIU meetings take place three times a year. These meetings also include the opportunity for joint training sessions on investigative techniques and fraud, waste and abuse trends.
- MFCU and HPED coordinated and collaborated on multistate civil matters which included attorneys and auditors from both divisions serving on national investigation and settlement teams.
- OIG, MFCU and HPED engaged in deconfliction communications.
- When appropriate, MFCU and OIG made referrals to HPED.

KEY METRICS

The activities in the latest annual reporting period reflect progress and success in identifying and deterring fraud, waste and abuse in the Medicaid Program.

HHS Office of Inspector General

Action	FY 2024
Provider Enrollment Applications Processed	26,538
Individual Screenings Processed	76,086
Medicaid Investigation Cases Opened	1,652
Medicaid Investigation Cases Completed	1,852
Referrals to MFCU	272
Referrals to Other Entities	788
Hospital Claim Reviews Completed	23,715
Nursing Facility Reviews Completed	215
Settlement Agreements Executed	119
Credible Allegation of Fraud (CAF) Payment Holds Imposed	0
MFCU Directed Payment Holds Imposed	6
Medicaid Providers Excluded	219
Audits Completed*	34
Total Amount Recovered*	\$442,367,188

*Figures include Medicaid and non-Medicaid amounts

OAG Medicaid Fraud Control Unit

Action	FY 2024
Referrals Received	2,061
Cases Pending	725
Cases Opened	112
Charges Obtained	119
Medicaid Overpayments Identified	\$53,940,246
Convictions	74
Fines and Restitution*	\$120,771,680

*Medicaid = \$12,147,403; non-Medicaid = \$108,624,277

OAG Healthcare Program Enforcement Division

Action	FY 2024
Cases Opened	64
Cases Closed	117
Cases Pending	351
Total Amount Recovered	\$43,711,128

SIGNIFICANT CASES

OIG Medicaid Program Integrity Cases

In FY 2024, the OIG settled several matters with significant recoveries. These include:

- \$5.2 million in settlements from an initiative examining separate claims for injections and infusions already included in the emergency department evaluation and management rate.
- \$1.7 million in settlements from an initiative targeting improper use of the UA modifier, which increases private duty nursing reimbursements for tracheostomy or ventilator-dependent clients.
- A \$1.6 million settlement with a pharmacy that did not purchase enough medication inventory to support the quantities it billed to Texas Medicaid.

OAG Healthcare Program Enforcement Division Cases

In FY 2024, HPED settled several matters with significant recoveries. These include:

- A state civil action against Bayer Corporation and Bayer HealthCare Pharmaceuticals, Inc. yielding a total Texas recovery of \$19 million including state, federal and relator portions.
- A state civil investigation against Pathology Reference Laboratory yielding a total Texas recovery of \$4.2 million including state and federal portions.

OAG Medicaid Fraud Control Unit Cases

In FY 2024, MFCU concluded several cases with significant court-ordered Medicaid restitution. These include:

- Secured pleas in a dental case with combined ordered Medicaid restitution of \$6,971,014 and up to 120 months of prison time.
- Secured a plea with a pharmacist with ordered Medicaid restitution of \$2,356,837 and 12 months in prison time.
- Secured a plea with a durable medical equipment company with ordered Medicaid restitution of \$2,088,473 and 15 months in prison time.

Ongoing OAG cases

HPED continues to pursue significant cases against the following defendants:

- Drug manufacturers Pfizer, Inc, Tris Pharma, Inc, and Tris CEO Ketan Mehta for providing an adulterated pharmaceutical drug to Texas children. Defendants manufactured an ADHD drug that was adulterated due to faulty quality control practices. The defendants' practices caused labeling for the drug — which included certain efficacy claims and instructions for reconstitution — to be rendered misleading.
- Drug manufacturer Tris Pharma, Inc., and Tris CEO Ketan Mehta for unlawfully promoting an ADHD drug through misleading claims about the drug's efficacy, causing the drug to be misbranded under federal and state law.
- Drug manufacturer Regeneron Pharmaceuticals, Inc. for inflating the average sales price (ASP) for the clinician-administered drug Eylea in its reports to CMS by failing to report credit card subsidies as price concessions. Texas Medicaid relies on drug manufacturers' ASP reporting to determine the Medicaid reimbursement methodology. Therefore, Texas Medicaid's payments for Eylea were also inflated.
- Lab testing company Medical Diagnostic Laboratories, LLC for misrepresentations to Texas Medicaid related to Texas Medicaid best price rules.
- Drug manufacturer Gilead Sciences, Inc. for misrepresentations to Texas Medicaid. The defendant is alleged to engage in unlawful marketing schemes involving numerous drugs to incentivize medical providers to prescribe its drug over other drugs on the market.
- Lab testing company Laboratory Corporation of America for misrepresentations to Texas Medicaid related to kickbacks and Texas Medicaid best price rules. The State filed an appeal in the Third Court of Appeals following the trial court's granting of summary judgment in the defendant's favor. The appeal is fully briefed, and oral argument is scheduled.
- HPED also continues to investigate other matters that are under seal and cannot be described in detail at this time.